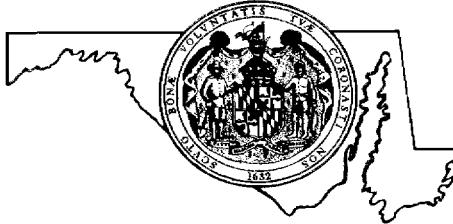


STATE OF MARYLAND

Stephen J. Salomon
CHAIRMAN

Gail R. Wilensky, Ph. D
VICE CHAIR



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215

TELEPHONE: 410-764-3460 FAX: 410-358-1236

For more information:
Ben Steffen, Deputy Director, MHCC
410-764-3570

NEW REPORT EXAMINES PAYMENTS TO PHYSICIANS AND OTHER HEALTH CARE PRACTITIONERS FOR CARE PROVIDED TO MARYLANDERS

BALTIMORE, MD (March 22, 2005) -- A report that examines payments to physicians and other health care practitioners for care provided to privately insured Maryland residents under age 65 was released today by Maryland Health Care Commission ("MHCC" or "Commission") chairman Stephen J. Salomon. The report, *Practitioner Utilization: Trends within Privately Insured Patients, 2002-2003* is based on an analysis of health care claims data that most private health insurance plans serving Maryland residents submit annually to the Maryland Health Care Commission as part of the Medical Care Data Base. Among the main findings:

- From 2002 to 2003, Maryland private insurer payments and patient co-payments for physician and other professional services increased by six percent. The increase is driven by a three percent growth in use of services per patient, a three percent increase in the complexity of those services, and a two percent increase in payment rate for a standardized unit of care. The number of privately insured patients seeking care fell slightly, reflecting the continuing decline in the share of the population covered under employer-sponsored insurance plans.
- The two percent rise in payment rates for a standardized unit of care follows a similar increase of about two percent in 2002. Since 1999, the MHCC estimates health care professional fees paid by private insurers have increased by about four percent, but costs as measured by the Medicare Economic Index have grown by 12 percent over that same period.
- Payment rates in Maryland are on average comparable to Medicare levels, with non-HMO plans slightly above and HMOs just below Medicare. A Medicare Payment Advisory Commission (MedPAC)-sponsored study of 22 states found that private sector physician fees were on average just over 120 percent of Medicare levels. Factors contributing to lower private fee levels in Maryland are an abundant supply of physicians, reasonably high managed-care penetration, and the state's location near Northeast states in which private insurers generally pay lower relative to Medicare.
- Imaging including simple x-rays, advanced imaging (MRI, CAT, and Cardiac), and echography all increased more rapidly than the growth for all services for the third consecutive year. Fees for a standardized unit of imaging declined from one to three percent depending on category of service and plan type. This modest roll back in imaging fees may reflect payers' initial efforts to slow the rapid growth of these services.
- Private insurers paid higher rates for surgical services and lower rates for office visits relative to Medicare. This finding reflects a continuing pattern of higher reimbursement for surgical care among private payers. As surgical procedures are also more likely to have higher malpractice risk, the payers' preference had an unplanned positive impact on surgical specialties. This study found that non-HMOs compensated high-risk services in 2003 at rates 12 percent above the average and HMOs at about 16 percent above their average rate. The report noted that recent payment rates and service volume increases probably have not kept pace with the growth in total expense for high-risk specialties such as obstetrics.

The complete report is available on the MHCC web site under <http://www.mhcc.state.md.us>. Please call 410-764-3570 for a hard copy.